



General Assembly

January Session, 2009

***Raised Bill No. 1069***

LCO No. 4082

\*04082\_\_\_\_\_CE\_\*

Referred to Committee on Commerce

Introduced by:  
(CE)

***AN ACT CONCERNING ECONOMIC INDICATORS IN ENERGY DECISIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 16-245m of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) (1) On and after January 1, 2000, the Department of Public Utility  
4 Control shall assess or cause to be assessed a charge of three mills per  
5 kilowatt hour of electricity sold to each end use customer of an electric  
6 distribution company to be used to implement the program as  
7 provided in this section for conservation and load management  
8 programs but not for the amortization of costs incurred prior to July 1,  
9 1997, for such conservation and load management programs.

10 (2) Notwithstanding the provisions of this section, receipts from  
11 such charge shall be disbursed to the resources of the General Fund  
12 during the period from July 1, 2003, to June 30, 2005, unless the  
13 department shall, on or before October 30, 2003, issue a financing order  
14 for each affected electric distribution company in accordance with  
15 sections 16-245e to 16-245k, inclusive, to sustain funding of

16 conservation and load management programs by substituting an  
17 equivalent amount, as determined by the department in such financing  
18 order, of proceeds of rate reduction bonds for disbursement to the  
19 resources of the General Fund during the period from July 1, 2003, to  
20 June 30, 2005. The department may authorize in such financing order  
21 the issuance of rate reduction bonds that substitute for disbursement to  
22 the General Fund for receipts of both the charge under this subsection  
23 and under subsection (b) of section 16-245n, as amended by this act,  
24 and also may, in its discretion, authorize the issuance of rate reduction  
25 bonds under this subsection and subsection (b) of section 16-245n, as  
26 amended by this act, that relate to more than one electric distribution  
27 company. The department shall, in such financing order or other  
28 appropriate order, offset any increase in the competitive transition  
29 assessment necessary to pay principal, premium, if any, interest and  
30 expenses of the issuance of such rate reduction bonds by making an  
31 equivalent reduction to the charge imposed under this subsection,  
32 provided any failure to offset all or any portion of such increase in the  
33 competitive transition assessment shall not affect the need to  
34 implement the full amount of such increase as required by this  
35 subsection and by sections 16-245e to 16-245k, inclusive. Such  
36 financing order shall also provide if the rate reduction bonds are not  
37 issued, any unrecovered funds expended and committed by the  
38 electric distribution companies for conservation and load management  
39 programs, provided such expenditures were approved by the  
40 department after August 20, 2003, and prior to the date of  
41 determination that the rate reduction bonds cannot be issued, shall be  
42 recovered by the companies from their respective competitive  
43 transition assessment or systems benefits charge but such expenditures  
44 shall not exceed four million dollars per month. All receipts from the  
45 remaining charge imposed under this subsection, after reduction of  
46 such charge to offset the increase in the competitive transition  
47 assessment as provided in this subsection, shall be disbursed to the  
48 Energy Conservation and Load Management Fund commencing as of  
49 July 1, 2003. Any increase in the competitive transition assessment or

50 decrease in the conservation and load management component of an  
51 electric distribution company's rates resulting from the issuance of or  
52 obligations under rate reduction bonds shall be included as rate  
53 adjustments on customer bills.

54 (b) The electric distribution company shall establish an Energy  
55 Conservation and Load Management Fund which shall be held  
56 separate and apart from all other funds or accounts. Receipts from the  
57 charge imposed under subsection (a) of this section shall be deposited  
58 into the fund. Any balance remaining in the fund at the end of any  
59 fiscal year shall be carried forward in the fiscal year next succeeding.  
60 Disbursements from the fund by electric distribution companies to  
61 carry out the plan developed under subsection (d) of this section shall  
62 be authorized by the Department of Public Utility Control upon its  
63 approval of such plan.

64 (c) The Department of Public Utility Control shall appoint and  
65 convene an Energy Conservation Management Board which shall  
66 include representatives of: (1) An environmental group knowledgeable  
67 in energy conservation program collaboratives; (2) the Office of  
68 Consumer Counsel; (3) the Attorney General; (4) the Department of  
69 Environmental Protection; (5) the electric distribution companies in  
70 whose territories the activities take place for such programs; (6) a state-  
71 wide manufacturing association; (7) a chamber of commerce; (8) a  
72 state-wide business association; (9) a state-wide retail organization;  
73 (10) a representative of a municipal electric energy cooperative created  
74 pursuant to chapter 101a; (11) two representatives selected by the gas  
75 companies in this state; and (12) residential customers. Such members  
76 shall serve for a period of five years and may be reappointed.  
77 Representatives of the gas companies shall not vote on matters  
78 unrelated to gas conservation. Representatives of the electric  
79 distribution companies and the municipal electric energy cooperative  
80 shall not vote on matters unrelated to electricity conservation.

81 (d) (1) The Energy Conservation Management Board shall advise

82 and assist the electric distribution companies in the development and  
83 implementation of a comprehensive plan, which plan shall be  
84 approved by the Department of Public Utility Control, to implement  
85 cost-effective energy conservation programs and market  
86 transformation initiatives. Each program contained in the plan shall be  
87 reviewed by the electric distribution company and either accepted or  
88 rejected by the Energy Conservation Management Board prior to  
89 submission to the department for approval. The Energy Conservation  
90 Management Board shall, as part of its review, examine opportunities  
91 to offer joint programs providing similar efficiency measures that save  
92 more than one fuel resource or otherwise to coordinate programs  
93 targeted at saving more than one fuel resource. Any costs for joint  
94 programs shall be allocated equitably among the conservation  
95 programs. The Energy Conservation Management Board shall give  
96 preference to projects that maximize the reduction of federally  
97 mandated congestion charges. The Department of Public Utility  
98 Control shall, in an uncontested proceeding during which the  
99 department may hold a public hearing, approve, modify or reject the  
100 comprehensive plan prepared pursuant to this subsection. In the  
101 course of approving, modifying or rejecting the plan, the department  
102 shall consider the economic impact of proposed projects identified in  
103 the plan.

104 (2) There shall be a joint committee of the Energy Conservation  
105 Management Board and the Renewable Energy Investments Board.  
106 The board and the advisory committee shall each appoint members to  
107 such joint committee. The joint committee shall examine opportunities  
108 to coordinate the programs and activities funded by the Renewable  
109 Energy Investment Fund pursuant to section 16-245n, as amended by  
110 this act, with the programs and activities contained in the plan  
111 developed under this subsection to reduce the long-term cost,  
112 environmental impacts and security risks of energy in the state. In  
113 conducting such examination, the joint committee shall consider the  
114 impact of such programs and activities on the state's economy. Such  
115 joint committee shall hold its first meeting on or before August 1, 2005.

116 (3) Programs included in the plan developed under subdivision (1)  
117 of this subsection shall be screened through cost-effectiveness testing  
118 which compares the value and payback period of program benefits to  
119 program costs to ensure that programs are designed to obtain energy  
120 savings and system benefits, including mitigation of federally  
121 mandated congestion charges, whose value is greater than the costs of  
122 the programs. Cost-effectiveness testing shall utilize available  
123 information obtained from real-time monitoring systems to ensure  
124 accurate validation and verification of energy use. Such testing shall  
125 include an analysis of the effects of investments on increasing the  
126 state's load factor. Program cost-effectiveness shall be reviewed  
127 annually, or otherwise as is practicable. If a program is determined to  
128 fail the cost-effectiveness test as part of the review process, it shall  
129 either be modified to meet the test or shall be terminated. On or before  
130 March 1, 2005, and on or before March first annually thereafter, the  
131 board shall provide a report, in accordance with the provisions of  
132 section 11-4a, to the joint standing committees of the General  
133 Assembly having cognizance of matters relating to energy and the  
134 environment (A) that documents expenditures and fund balances and  
135 evaluates the cost-effectiveness of such programs conducted in the  
136 preceding year, and (B) that documents the extent to and manner in  
137 which the programs of such board collaborated and cooperated with  
138 programs, established under section 7-233y, of municipal electric  
139 energy cooperatives. To maximize the reduction of federally mandated  
140 congestion charges, programs in the plan may allow for  
141 disproportionate allocations between the amount of contributions to  
142 the Energy Conservation and Load Management Funds by a certain  
143 rate class and the programs that benefit such a rate class. Before  
144 conducting such evaluation, the board shall consult with the  
145 Renewable Energy Investments Board. The report shall include a  
146 description of the activities undertaken during the reporting period  
147 jointly or in collaboration with the Renewable Energy Investment  
148 Fund established pursuant to subsection (c) of section 16-245n, as  
149 amended by this act.

150 (4) Programs included in the plan developed under subdivision (1)  
151 of this subsection may include, but not be limited to: (A) Conservation  
152 and load management programs, including programs that benefit low-  
153 income individuals; (B) research, development and commercialization  
154 of products or processes which are more energy-efficient than those  
155 generally available; (C) development of markets for such products and  
156 processes; (D) support for energy use assessment, real-time monitoring  
157 systems, engineering studies and services related to new construction  
158 or major building renovation; (E) the design, manufacture,  
159 commercialization and purchase of energy-efficient appliances and  
160 heating, air conditioning and lighting devices; (F) program planning  
161 and evaluation; (G) indoor air quality programs relating to energy  
162 conservation; (H) joint fuel conservation initiatives programs targeted  
163 at reducing consumption of more than one fuel resource; (I) public  
164 education regarding conservation; and (J) the demand-side technology  
165 programs recommended by the procurement plan approved by the  
166 Department of Public Utility Control pursuant to section 16a-3a. Such  
167 support may be by direct funding, manufacturers' rebates, sale price  
168 and loan subsidies, leases and promotional and educational activities.  
169 The plan shall also provide for expenditures by the Energy  
170 Conservation Management Board for the retention of expert  
171 consultants and reasonable administrative costs provided such  
172 consultants shall not be employed by, or have any contractual  
173 relationship with, an electric distribution company. Such costs shall  
174 not exceed five per cent of the total revenue collected from the  
175 assessment.

176 (e) Notwithstanding the provisions of subsections (a) to (d),  
177 inclusive, of this section, the Department of Public Utility Control shall  
178 authorize the disbursement of a total of one million dollars in each  
179 month, commencing with July, 2003, and ending with July, 2005, from  
180 the Energy Conservation and Load Management Funds established  
181 pursuant to said subsections. The amount disbursed from each Energy  
182 Conservation and Load Management Fund shall be proportionately  
183 based on the receipts received by each fund. Such disbursements shall

184 be deposited in the General Fund.

185 (f) No later than December 31, 2006, and no later than December  
186 thirty-first every five years thereafter, the Energy Conservation  
187 Management Board shall, after consulting with the Renewable Energy  
188 Investments Board, conduct an evaluation of the performance of the  
189 programs and activities of the fund and submit a report, in accordance  
190 with the provisions of section 11-4a, of the evaluation to the joint  
191 standing committee of the General Assembly having cognizance of  
192 matters relating to energy.

193 (g) Repealed by P.A. 06-186, S. 91, effective July 1, 2006.

194 Sec. 2. Section 16-245n of the general statutes is repealed and the  
195 following is substituted in lieu thereof (*Effective from passage*):

196 (a) For purposes of this section, "renewable energy" means solar  
197 photovoltaic energy, solar thermal, geothermal energy, wind, ocean  
198 thermal energy, wave or tidal energy, fuel cells, landfill gas,  
199 hydropower that meets the low-impact standards of the Low-Impact  
200 Hydropower Institute, hydrogen production and hydrogen conversion  
201 technologies, low emission advanced biomass conversion technologies,  
202 alternative fuels, used for electricity generation including ethanol,  
203 biodiesel or other fuel produced in Connecticut and derived from  
204 agricultural produce, food waste or waste vegetable oil, provided the  
205 Commissioner of Environmental Protection determines that such fuels  
206 provide net reductions in greenhouse gas emissions and fossil fuel  
207 consumption, usable electricity from combined heat and power  
208 systems with waste heat recovery systems, thermal storage systems  
209 and other energy resources and emerging technologies which have  
210 significant potential for commercialization and which do not involve  
211 the combustion of coal, petroleum or petroleum products, municipal  
212 solid waste or nuclear fission.

213 (b) On and after July 1, 2004, the Department of Public Utility  
214 Control shall assess or cause to be assessed a charge of not less than

215 one mill per kilowatt hour charged to each end use customer of electric  
216 services in this state which shall be deposited into the Renewable  
217 Energy Investment Fund established under subsection (c) of this  
218 section. Notwithstanding the provisions of this section, receipts from  
219 such charges shall be disbursed to the resources of the General Fund  
220 during the period from July 1, 2003, to June 30, 2005, unless the  
221 department shall, on or before October 30, 2003, issue a financing order  
222 for each affected distribution company in accordance with sections 16-  
223 245e to 16-245k, inclusive, to sustain funding of renewable energy  
224 investment programs by substituting an equivalent amount, as  
225 determined by the department in such financing order, of proceeds of  
226 rate reduction bonds for disbursement to the resources of the General  
227 Fund during the period from July 1, 2003, to June 30, 2005. The  
228 department may authorize in such financing order the issuance of rate  
229 reduction bonds that substitute for disbursement to the General Fund  
230 for receipts of both charges under this subsection and subsection (a) of  
231 section 16-245m, as amended by this act, and also may in its discretion  
232 authorize the issuance of rate reduction bonds under this subsection  
233 and subsection (a) of section 16-245m, as amended by this act, that  
234 relate to more than one electric distribution company. The department  
235 shall, in such financing order or other appropriate order, offset any  
236 increase in the competitive transition assessment necessary to pay  
237 principal, premium, if any, interest and expenses of the issuance of  
238 such rate reduction bonds by making an equivalent reduction to the  
239 charges imposed under this subsection, provided any failure to offset  
240 all or any portion of such increase in the competitive transition  
241 assessment shall not affect the need to implement the full amount of  
242 such increase as required by this subsection and sections 16-245e to 16-  
243 245k, inclusive. Such financing order shall also provide if the rate  
244 reduction bonds are not issued, any unrecovered funds expended and  
245 committed by the electric distribution companies for renewable  
246 resource investment through deposits into the Renewable Energy  
247 Investment Fund, provided such expenditures were approved by the  
248 department following August 20, 2003, and prior to the date of



249 determination that the rate reduction bonds cannot be issued, shall be  
250 recovered by the companies from their respective competitive  
251 transition assessment or systems benefits charge except that such  
252 expenditures shall not exceed one million dollars per month. All  
253 receipts from the remaining charges imposed under this subsection,  
254 after reduction of such charges to offset the increase in the competitive  
255 transition assessment as provided in this subsection, shall be disbursed  
256 to the Renewable Energy Investment Fund commencing as of July 1,  
257 2003. Any increase in the competitive transition assessment or decrease  
258 in the renewable energy investment component of an electric  
259 distribution company's rates resulting from the issuance of or  
260 obligations under rate reduction bonds shall be included as rate  
261 adjustments on customer bills.

262 (c) There is hereby created a Renewable Energy Investment Fund  
263 which shall be within Connecticut Innovations, Incorporated for  
264 administrative purposes only. The fund may receive any amount  
265 required by law to be deposited into the fund and may receive any  
266 federal funds as may become available to the state for renewable  
267 energy investments. Upon authorization of the Renewable Energy  
268 Investments Board established pursuant to subsection (d) of this  
269 section, Connecticut Innovations, Incorporated, may use any amount  
270 in said fund for expenditures that promote investment in renewable  
271 energy sources in accordance with a comprehensive plan developed by  
272 it to foster the growth, development and commercialization of  
273 renewable energy sources, related enterprises and stimulate demand  
274 for renewable energy and deployment of renewable energy sources  
275 that serve end use customers in this state and for the further purpose  
276 of supporting operational demonstration projects for advanced  
277 technologies that reduce energy use from traditional sources. Such  
278 expenditures may include, but not be limited to, reimbursement for  
279 services provided by the administrator of the fund including a  
280 management fee, disbursements from the fund to develop and carry  
281 out the plan developed pursuant to subsection (d) of this section,  
282 grants, direct or equity investments, contracts or other actions which

283 support research, development, manufacture, commercialization,  
284 deployment and installation of renewable energy technologies, and  
285 actions which expand the expertise of individuals, businesses and  
286 lending institutions with regard to renewable energy technologies.

287 (d) There is hereby created a Renewable Energy Investments Board  
288 to act on matters related to the Renewable Energy Investment Fund,  
289 including, but not limited to, development of a comprehensive plan  
290 and expenditure of funds. The Renewable Energy Investments Board  
291 shall, in such plan, give preference to projects that maximize the  
292 reduction of federally mandated congestion charges. The Renewable  
293 Energy Investments Board shall make a draft of the comprehensive  
294 plan available for public comment for not less than thirty days. The  
295 board shall conduct three public hearings in three different regions of  
296 the state on the draft comprehensive plan and shall include a  
297 summarization of all public comments received at said public hearings  
298 in the final comprehensive plan approved by the board. The board  
299 shall provide a copy of the comprehensive plan, in accordance with the  
300 provisions of section 11-4a, to the joint standing committees of the  
301 General Assembly having cognizance of matters relating to energy and  
302 commerce. The Department of Public Utility Control shall, in an  
303 uncontested proceeding, during which the department may hold a  
304 public hearing, approve, modify or reject the comprehensive plan  
305 prepared pursuant to this subsection. In the course of approving,  
306 modifying or rejecting the plan, the department shall consider the  
307 economic impact of proposed projects identified in the plan.

308 (e) The Renewable Energy Investments Board shall include not  
309 more than fifteen individuals with knowledge and experience in  
310 matters related to the purpose and activities of the Renewable Energy  
311 Investment Fund. The board shall consist of the following members:  
312 (1) One person with expertise regarding renewable energy resources  
313 appointed by the speaker of the House of Representatives; (2) one  
314 person representing a state or regional organization primarily  
315 concerned with environmental protection appointed by the president

316 pro tempore of the Senate; (3) one person with experience in business  
317 or commercial investments appointed by the majority leader of the  
318 House of Representatives; (4) one person representing a state or  
319 regional organization primarily concerned with environmental  
320 protection appointed by the majority leader of the Senate; (5) one  
321 person with experience in business or commercial investments  
322 appointed by the minority leader of the House of Representatives; (6)  
323 the Commissioner of Emergency Management and Homeland Security  
324 or the commissioner's designee; (7) one person with expertise  
325 regarding renewable energy resources appointed by the Governor; (8)  
326 two persons with experience in business or commercial investments  
327 appointed by the board of directors of Connecticut Innovations,  
328 Incorporated; (9) a representative of a state-wide business association,  
329 manufacturing association or chamber of commerce appointed by the  
330 minority leader of the Senate; (10) the Consumer Counsel; (11) the  
331 Secretary of the Office of Policy and Management or the secretary's  
332 designee; (12) the Commissioner of Environmental Protection or the  
333 commissioner's designee; (13) a representative of organized labor  
334 appointed by the Governor; and (14) a representative of residential  
335 customers or low-income customers appointed by Governor. On a  
336 biennial basis, the board shall elect a chairperson and vice-chairperson  
337 from among its members and shall adopt such bylaws and procedures  
338 it deems necessary to carry out its functions. The board may establish  
339 committees and subcommittees as necessary to conduct its business.

340 (f) The board shall issue annually a report to the Department of  
341 Public Utility Control reviewing the activities of the Renewable Energy  
342 Investment Fund in detail and shall provide a copy of such report, in  
343 accordance with the provisions of section 11-4a, to the joint standing  
344 committees of the General Assembly having cognizance of matters  
345 relating to energy and commerce and the Office of Consumer Counsel.  
346 The report shall include a description of the programs and activities  
347 undertaken during the reporting period jointly or in collaboration with  
348 the Energy Conservation and Load Management Funds established  
349 pursuant to section 16-245m, as amended by this act.

350 (g) There shall be a joint committee of the Energy Conservation  
351 Management Board and the Renewable Energy Investments Board, as  
352 provided in subdivision (2) of subsection (d) of section 16-245m, as  
353 amended by this act.

354 (h) No later than December 31, 2006, and no later than December  
355 thirty-first every five years thereafter, the board shall, after consulting  
356 with the Energy Conservation Management Board, conduct an  
357 evaluation of the performance of the programs and activities of the  
358 fund and submit a report, in accordance with the provisions of section  
359 11-4a, of the evaluation to the joint standing committees of the General  
360 Assembly having cognizance of matters relating to energy and  
361 commerce.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-245m
Sec. 2	<i>from passage</i>	16-245n

***Statement of Purpose:***

To encourage the Department of Public Utility Control to consider the impact of certain energy investments on the state's economy.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*